



MOIP/26-08/N-282

August 3, 2026

To,
The Prime Minister of Pakistan,
Prime Minister's Office,
Islamabad.

Subject: Delay in Auto Policy Finalization and Need for a Vendor-Focused, Localization-Driven Auto Policy

Respected Prime Minister,

On behalf of the Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM), representing the vendor industry that forms the backbone of Pakistan's auto sector, we write to bring to your kind attention matters of urgent concern to our industry and the national economy.

1. Delay in Auto Policy Finalization

The prolonged delay in finalizing the new Auto Policy has created significant uncertainty for our members. Investment decisions, capacity planning, and technology upgradation across the vendor industry remain stalled in the absence of policy clarity. We urge the government to expedite finalization of the policy without further delay, as continued ambiguity is eroding investor confidence and pushing capital toward more predictable markets.

2. Need for a Localization and Vendor-Centric Policy Framework

We wish to place on record that the previous two Auto Policies were largely assembly-centric in design. The incentive structures under these policies primarily benefited assembly operations, resulting in a proliferation of assembly plants rather than genuine industrial deepening. The vendor sector — which accounts for approximately 80% of total employment generated by the auto industry — received little to no meaningful support under these frameworks.

A truly sustainable auto sector must be built on deepening localization, strengthening the vendor base, encouraging technology transfer, and enabling economies of scale for parts manufacturers. We believe the forthcoming Auto Policy must correct this course and place vendor development and localization at its core.

In light of the above, PAAPAM respectfully makes the following two requests:

1. A meeting with the Prime Minister to present our vision and recommendations for building a vibrant, competitive auto sector anchored in deeper localization and a robust vendor industry.

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PAKISTAN ASSOCIATION OF AUTOMOTIVE PARTS & ACCESSORIES MANUFACTURERS

REGD. UNDER TRADE ORGANIZATION ACT, 2013

(ISO 9001: 2015 Certified)

2. An opportunity to engage in a substantive debate on the National Tariff Policy and its impact on the auto sector, with the relevant team of economists led by Mr. Stefan Dercon, so that the vendor industry's perspective is fully reflected in tariff-related policy decisions affecting local manufacturing.

We remain committed to working closely with the government to develop a policy framework that promotes genuine industrialization, import substitution, and sustainable employment generation in Pakistan's auto sector.

We would be grateful for an early opportunity to present our views in person.

Thank you for your kind consideration.

Yours sincerely,

Usman Aslam Malik
Chairman

CC:

Mr. Haroon Akhtar Khan - Special Assistant to Prime Minister for Industries & Production Division

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